

UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In re: Gregory Buchanan

Chapter 13

Debtor

Case number 23-12406-pmm

Gregory Buchanan

Plaintiff

Vs

US Department of Housing and Urban Development

Adversary Proceeding No.

Defendant

COMPLAINT SEEKING TO DETERMINE THE EXTENT AND VALIDITY OF SECURED STATUS OF CREDITOR UNDER 11 U.S.C. SECTIONS 502, 506

Debtor and Plaintiff, Gregory Buchanan, by and through his Counsel, Brenna H. Mendelsohn, Esquire and Mendelsohn & Mendelsohn, P.C., hereby files this Complaint Seeking to Determine the Extent and Validity of Secured Status of Creditor Under 11 U.S.C. Sections 502, 506, and in support thereof sets forth as follows:

1. Plaintiff, Gregory Buchanan is the Debtor in the above captioned Chapter 13 proceeding.
2. Defendant is the Secretary of Housing and Urban Development doing business in the Commonwealth of Pennsylvania.
3. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. Section 1334(b) as a proceeding under the Bankruptcy Code.
4. The matters set forth in this Complaint are core proceedings and may be heard by a Bankruptcy Judge pursuant to 28 U.S.C. Section 157(b)(2)(A) and (K).
5. This is an action brought under those provisions of the Bankruptcy Code, 11 U.S.C. Sections 502(b) and 506(a)(d), allowing the Plaintiff to determine the extent and validity of a Mortgage lien allegedly held by Secretary of Housing and Urban Development, in the residence owned by the Debtor as a fee simple, located at 4 Chaser Court, Shillington, PA 19607 (hereinafter referred to as "the property").
6. Venue is proper in the Eastern District of Pennsylvania pursuant to 28 U.S.C. Section 1409.
7. On August 10, 2023, the debtor filed a Petition for Relief under Chapter 13 of the Bankruptcy Code.

8. Secretary of Housing and Urban Development has a Third Mortgage on the property. The balance as of 1/24/24 was approximately \$ 33,914.75.

9. The debtor has a First Mortgage against the property held by Village Capital & Investment, with an estimated payoff in the amount of \$225,000.00, a Second Mortgage with HUD in the amount of \$14,279.59, next 4 judgment liens from Deerfield Homeowner's Association of approximately \$3500.00 plus interest, next a judgment lien from Midland Funding LLC in the amount of \$2592.00 plus interest, next a judgment lien from LVNV Funding, LLC in the amount of \$2639.81 plus interest, and next a Municipal Lien from the Township of Cumru in the amount of \$5324.73 plus interest.

10. The value of the property in its current condition is determined to be worth no greater than \$230,000 to 240,000.00. The property was recently looked at by a realtor, who provided a valuation of \$260,000 for comparable homes that are move-in ready. However, Debtor's property is not move-in ready and would require a credit or reduction of \$20,000 to \$30,000 in value for the following reasons outlined by Realtor below:

I went to preview the property 1/15 at 6pm. The inside is in poor condition. The wooden deck boards are rotted to the point you can stick an object through some of them. Inside the flooring is very worn and shows sign of wear throughout, at the seams, as if years of liquid was spilled on them. Two of the bedrooms are carpeted and in very poor condition with permanent stains. The paint throughout the house, in many places has blemishes and stains. Also, there is no central Air as the compressor is missing.

11. Based on the extensive work necessary and payment of the Mortgages, Statutory and Judgment Liens and prior position, Debtor avers that is no equity to cover the payment of the Defendant's Mortgage.

WHEREFORE, Debtor requests judgment against Secretary of Housing and Urban Development's claim as unsecured and avoiding the Mortgage and declaring the same to be null and void.

Date: January 20, 2025

Respectfully Submitted,

By: /s/ Brenna H. Mendelsohn
Brenna H. Mendelsohn, Esquire
637 Walnut Street
Reading, PA 19601